

David Cameron's EU treaty veto is a disaster for Britain

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Britain is now isolated as the only EU country to walk away from negotiations to rework the Lisbon treaty in order to save the euro. [Simon Hix](#) argues that David Cameron has chosen to take a disastrous course of action that imperils both the economic health and political sustainability of the UK.



At the EU summit in Brussels yesterday Britain lived up to its century old stereotype of “perfidious albion”; which Wikipedia describes as “a pejorative phrase used within the context of international relations and diplomacy to refer to acts of duplicity, treachery and hence infidelity (with respect to promises made to or alliances formed with other nation states) by monarchs or governments of Britain (or England) in their pursuit of self-interest and the requirements of realpolitik”.

When the rest of Europe needed a deal to save the Euro, the European economy, and the global financial system, Britain whined about some petty domestic interests. Remember, most of the financial regulations the rest of the EU are talking about were actually proposed by Britain to the G20 as a way of saving the global economy. And also remember that Britain already has a “financial transactions tax” in that stamp duty is already paid on most financial transactions in the UK. So, what exactly was Cameron trying to veto? I just don't get it, and nor does anyone outside a few crazed Europhobes on the extreme right of the British Conservative party.

So, the result is beautiful isolation, as 23 EU states set up a fiscal union. This is inevitably a slippery slope to Britain's exit from the EU and the single market – a major victory for Merkel and Sarkozy, who called Cameron's bluff. The Czech Republic, Hungary, and Sweden will in all likelihood join the other 23 states. After all, Denmark – the only other state with an opt-out from the Euro – has already agreed. This is likely to lead within a year or two to a new treaty to replace the EU, amongst 27 states in Europe (the other 26 in the current plus Croatia). Forget the European Union, the new European agreement will be a “European Fiscal and Political Union” with only the UK, Switzerland, Iceland and Norway on the periphery – rather like Puerto Rico in relation to the United States.

If this happens – which in effect is Britain being kicked out of the EU and the single market – the consequences will not only be huge for the British economy (since over 50% of our trade is with the rest of the EU), there will be knock-on effects on British public finances, as markets turn their focus away from a more stable Eurozone to UK government debt (which is already worse than Greece), and even an effect on the sustainability of United Kingdom. Britain's exit from Europe would be a huge boost for the campaign for Scottish independence. A majority in Scotland may well decide that it would prefer to be one state in a European federal union than be tied to a moribund and bankrupt administration in Westminster and Whitehall.

So, how stupid will Tory Eurosceptics look in 5 or 10 years time, with “Little England” outside Europe, a collapse in British exports – as a result of exclusion from the European continental market – a gradual shift in Europe's major financial centre from London to Frankfurt, skyrocketing government debt as markets demand 5% interest on British government bonds, and an independent Scotland?

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